Farmland Values Report

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Spring 2003

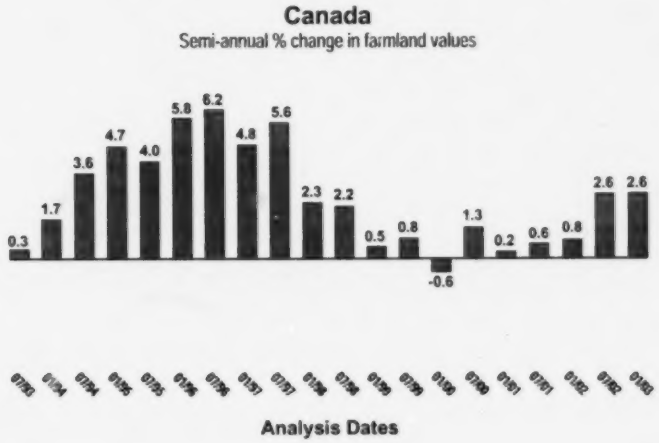
Farmland Values – Spring 2003

For more than 40 years, Farm Credit Canada (FCC) has focused exclusively on Canadian farmers' success. Recognizing that market knowledge is key to success in the agricultural industry, FCC produces the *Farmland Values* Report. This unique report is the only source of national farmland values information and is produced every six months.

National Trends

The average value of farmland across Canada continued its steady climb, posting an increase in value of 2.6 per cent during the last half of 2002.

Increases varied across the country, but were strongest in the West, due to the prospect of improving commodity prices and strong demand for land. Land values have been on the rise since July 2000.



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Provincial Trends

Manitoba led all provinces with a gain of 4.2 per cent in values. Land prices in Western Canada were on the rise, with Saskatchewan, Alberta and British Columbia values increasing for the second consecutive six-month period.

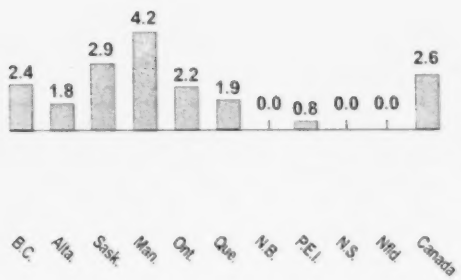
Both Quebec and Ontario continued to climb steadily at a somewhat slower pace. In Atlantic Canada, only Prince Edward Island experienced a rise in values.

Farmland value information for most locations in Canada is now available free of charge through the new FarmlandValues online service, at **www.fcc-fac.ca**

Provincial comparison of farmland values

Semi-annual % change in farmland values

July 1, 2002 to January 1, 2003



Farmland Values in 2002

Provinces	First half of 2002	Second half of 2002
B.C.	2.1%	2.4%
Alta.	4.5%	1.8%
Sask.	1.0%	2.9%
Man.	2.1%	4.2%
Ont.	4.0%	2.2%
Que.	6.2%	1.9%
N.B.	1.2%	0
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Nfld.	0	0
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104-01556/

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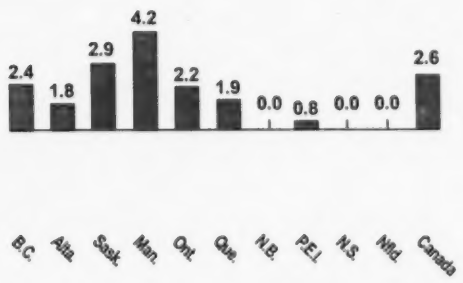

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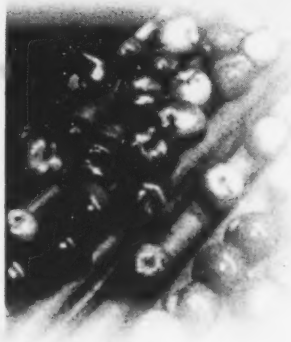
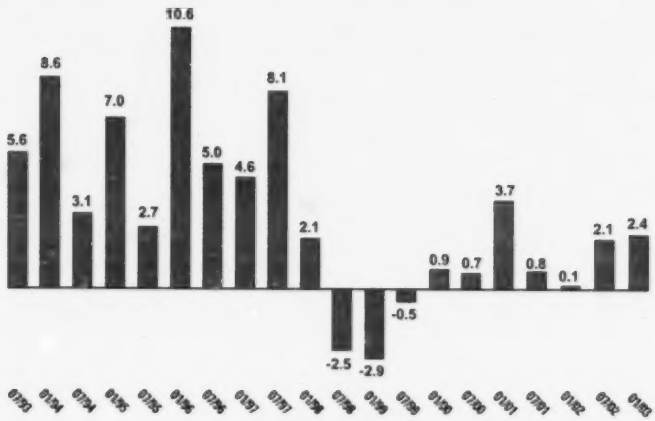


British Columbia

Semi-annual % change in farmland values



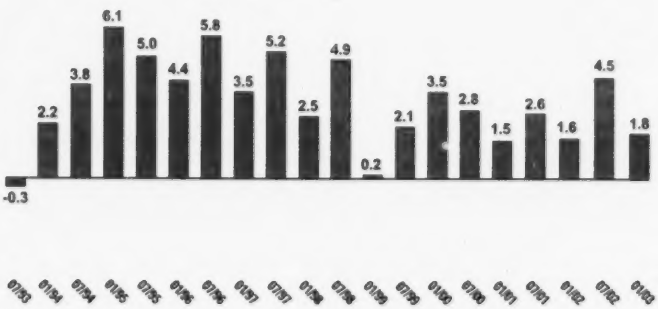
Analysis Dates

Values in the B.C. market grew as a result of stronger demand in the interior and modest increases in the Lower Mainland and the Island. Good quality land in the Dawson Creek area edged upward. Demand was primarily driven by local farmers purchasing the limited amount of superior land available for sale.

A combination of strong cattle prices last year and out-of-province buyers created demand and pushed values up in areas suited for ranching. The Okanagan Valley showed strength in both fruit-growing areas and those desirable for new residential development. Vancouver Island land values were generally stable to slightly higher in thin trading.

Alberta

Semi-annual % change in farmland values



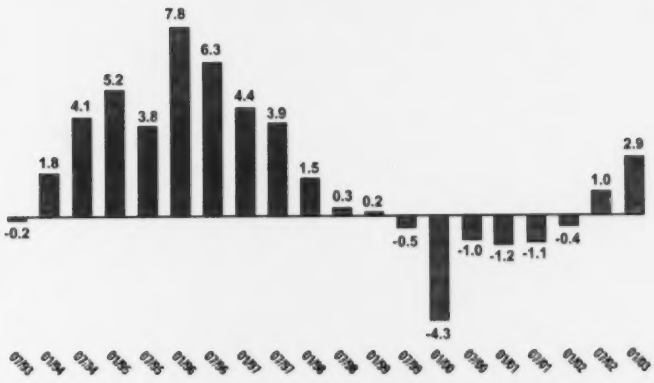
Analysis Dates

Land values in Alberta were generally stable, with small increases in some areas. Irrigated land values appear to have stabilized after several years of growth. Except for the South, drought affected most of the province, resulting in reduced optimism and cash flow. Offsetting this situation is the prospect of rising grain commodity prices and continued demand for pasture and forage land.

Off-farm employment opportunities created a strong demand for land within commuting areas.

Saskatchewan

Semi-annual % change in farmland values

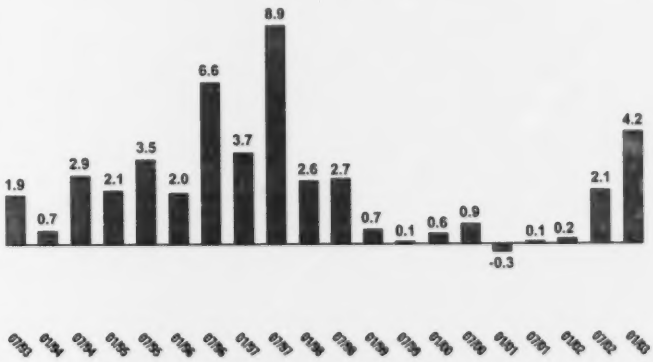


Analysis Dates

Land values in Saskatchewan increased by approximately 3.9 per cent in 2002, marking the largest annual gain since 1997. Relocating pasture and forage purchasers continued to increase demand in ranching and mixed farming areas. There is an attitude of cautious optimism due to the prospect of higher commodity prices. This optimism is tempered, however, by increased operating costs and the impact of drought in northern and central areas.

Manitoba

Semi-annual % change in farmland values



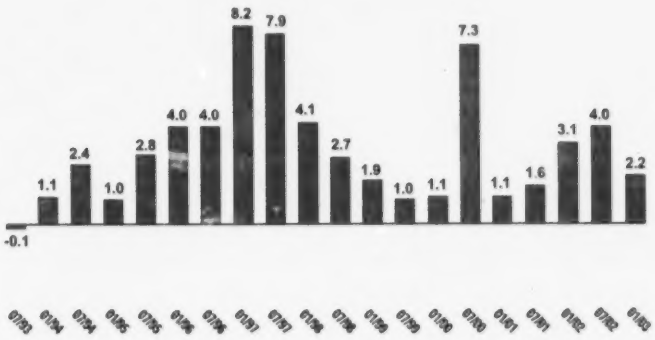
Analysis Dates

Manitoba land values showed the strongest gain in the country at 4.2 per cent. In traditional grain-producing areas, improved commodity prices have increased optimism and interest in land. Demand for land suitable for potato production remains strong, with increases in areas that are planning to expand potato acres.

Demand for land in southeastern Manitoba remained strong due to the high concentration of intensive livestock operations.

Ontario

Semi-annual % change in farmland values



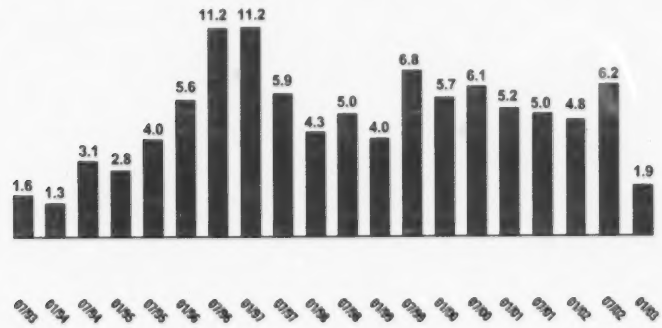
Analysis Dates

Over the last six months of 2002, land values continued to move upward. Farmers acquired land to accommodate cash crop expansion in Huron, south Bruce, Perth and Oxford counties. Anticipation around pending regulations for nutrient management plans was also an important factor.

Land values in Northern Ontario were static. This trend continued throughout eastern and central Ontario, except for good quality land in Stormont and Dundas, where expanding cash croppers and livestock farmers were buying. In Prince Edward County, continued demand for land to produce grapes pushed values higher. There was weaker demand in the many areas of the province with certain harder to manage heavy clay soils.

Quebec

Semi-annual % change in farmland values



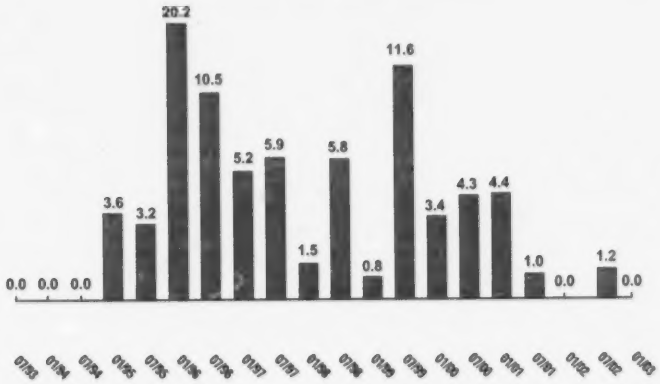
Analysis Dates

Land values continued to climb at a somewhat slower pace.

There has been no change in value for land located on the outskirts of large urban centres or in more central regions with a low concentration of livestock production. Land values in central regions, with livestock as the mainstay, continued to increase, albeit at a slower rate.

New Brunswick

Semi-annual % change in farmland values



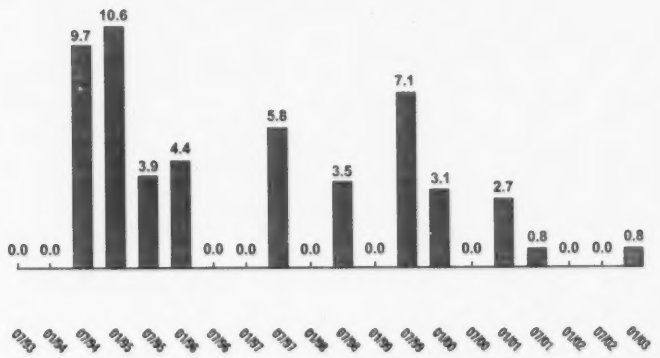
Analysis Dates

Over the last six months of 2002, land values were unchanged in all areas of the province. Demand for good quality potato land continued in the upper St. John River region, where potatoes are a key crop. Historically, however, land sales are slower during the second half of the year.

In the south-central region of the province, home to many dairy operations, markets were quiet. Farmers seemed to be waiting for year-end numbers before making any major decisions to invest in land. No factors that would push values downward were discovered.

Prince Edward Island

Semi-annual % change in farmland values



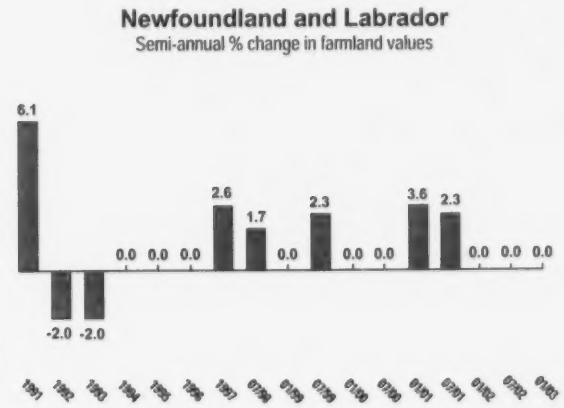
Analysis Dates

Potato farmers are recovering from a series of difficult years and were reluctant to push land values higher. The need for land to rotate potato production resulted in an active market, particularly in the western section of Prince County, where a small increase in land values was observed.

The slight increase in value recorded during the last six months of the year confirmed that a few P.E.I. farmers were in the market for land but they were cautious and mindful of past challenges.

Nova Scotia's land values were unchanged at the end of 2002. In comparison to last year, there was a relatively low volume of sales as indicated by low demand and resistance by purchasers.

Although the Annapolis Valley area experienced more sales than any other region, land values remained unchanged. Dairy producers looking to expand their holdings were seeking parcels of land bordering the Truro region. This contributed to a steady flow of transactions. As with the other Maritime provinces, no factors that might push land values down were identified.



Land values within this province reflected a stable, unchanged market. The farm real estate market was quiet, with fewer than normal sales.

Agricultural land on the Avalon Peninsula continued to be under pressure for urban development, especially parcels of land that are within commuting distance to St. John's. Dairy operators in the Deer Lake area were the major purchasers of land.

FALL

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Farmland Values Report

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Provincial trends 3-7

Fall 2003

Farmland Values — Fall 2003

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This publication and more detailed, up-to-date farmland values for local areas are also available at http://www.fcc-fac.ca/english/property/. Please visit our site and register.

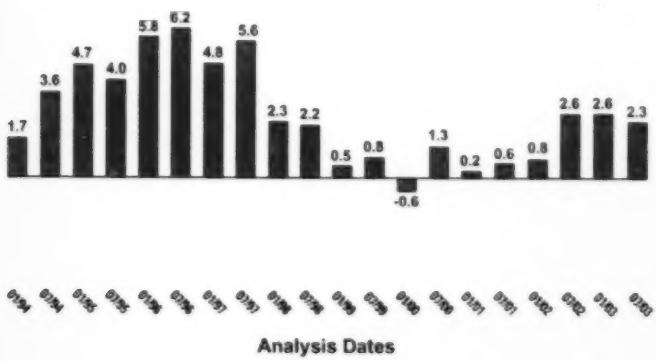
If you have access to the Internet and would prefer not to receive the printed copy of this report, please contact Myrna Stark Leader at (306) 780-8614 or e-mail myrna.starkleader@fcc-fac.ca and we will remove your name from the mailing list. Thank you!

National Trends

The value of farm land across the country increased during the first six months of 2003, a trend witnessed since January 2000. The largest increase was in Ontario at 3.8 per cent with steady increases across the West and in Quebec. While the average increase across the country fell slightly from 2.6 per cent to 2.3 per cent, growth continues to be sustained. Rising land values generally indicate strength in the agricultural industry.

Canada

Semi-annual % change in farmland values



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Ontario led all provinces with a gain of 3.8 per cent in values. Quebec and Alberta were nearly a full percentage lower, but still showed steady gains.

On the Prairies, Saskatchewan, Manitoba showed modest increases as did New Brunswick and Nova Scotia in Atlantic Canada.

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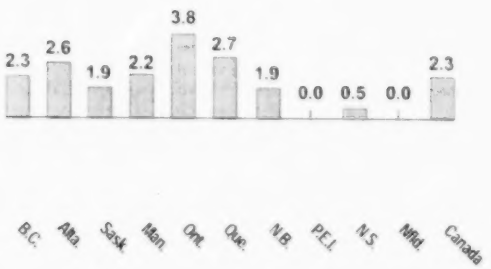

Farmland Values increases in 2003

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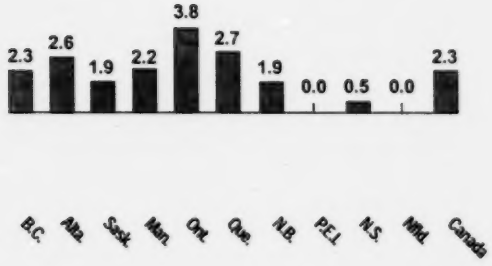

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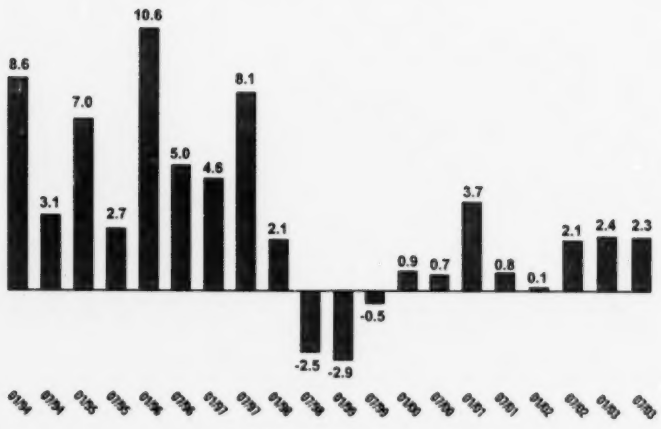
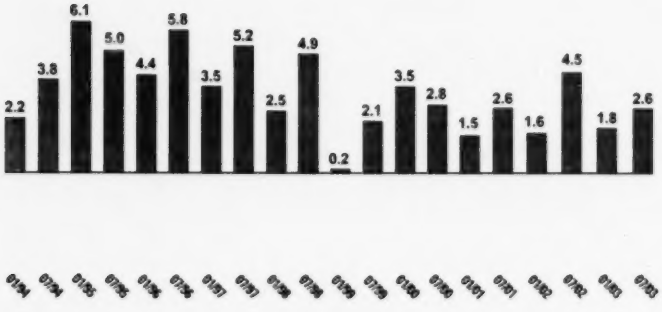


Analysis Dates

The British Columbia land market showed a 2.3 per cent average increase, similar to the last six-month period. Substantial increases in land value in the Dawson Creek area continued due to a lack of available land and pent up demand for good quality grain land by farmers who want to expand. Vegetable and raspberry growing regions in the Lower Mainland, fruit growing areas in the Interior and land values on Vancouver Island remain relatively unchanged.

Alberta

Semi-annual % change in farmland values



Analysis Dates

The Alberta market continued a long-term trend with an average land value increase of 2.6 per cent. The strongest upward trend is evident in the northern part of the province where per-acre values are generally lower. Farmers are moving from areas with high land values and the urban fringes to areas of lower land value enabling expansion of the land base. Farmland in the central and southern areas, as well as irrigated land, remained relatively steady.

Saskatchewan

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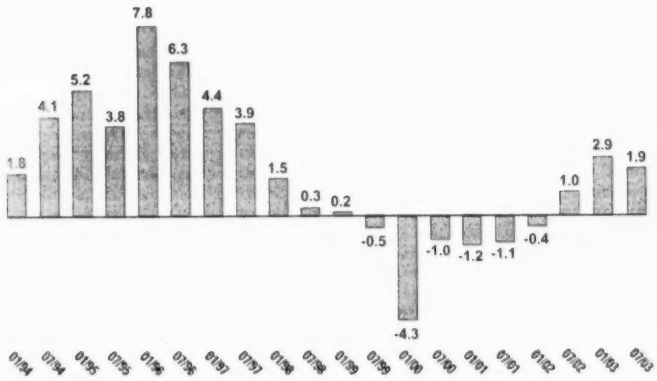
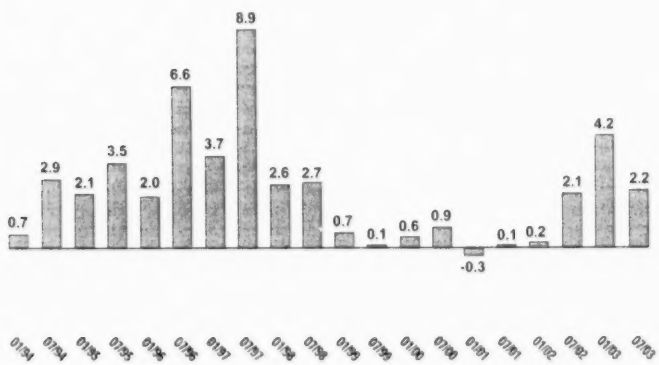


Analysis Dates

Land values in Saskatchewan increased by an average of 1.9 per cent. This is the third consecutive six-month period increase. Buyers from outside the province continue to show interest in larger parcels of land. There was a sense of optimism at the beginning of the period due to the anticipation of strengthening commodity prices. Generally favorable spring moisture conditions also played a role in maintaining increases in farmland values.

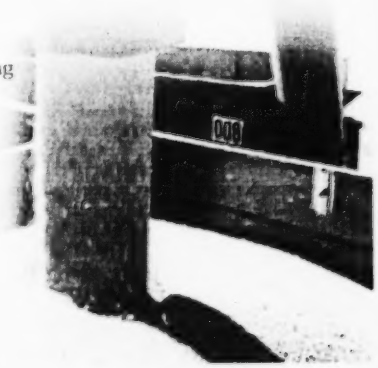
Manitoba

Semi-annual % change in farmland values



Analysis Dates

Manitoba land values continued to trend upward with an average increase of 2.2 per cent, following a strong increase from July 2002 to January 2003. Areas of the province with land suitable for specialty crops, such as potatoes and intensive livestock, showed stronger values. Cereal grain and oilseed growing regions had a variable market with isolated pockets of strong demand from expanding farmers. In these areas, prices were significantly higher, while prices in other areas showed little or no increase.



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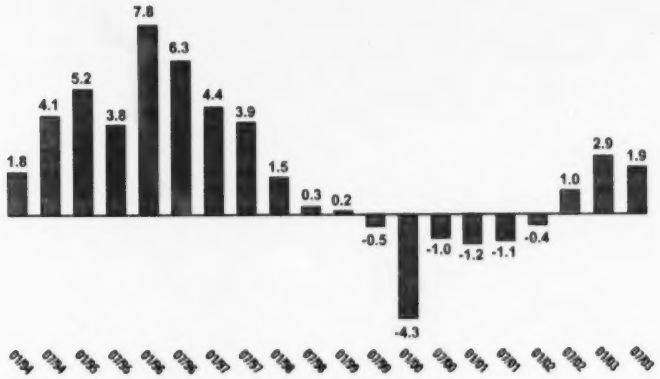

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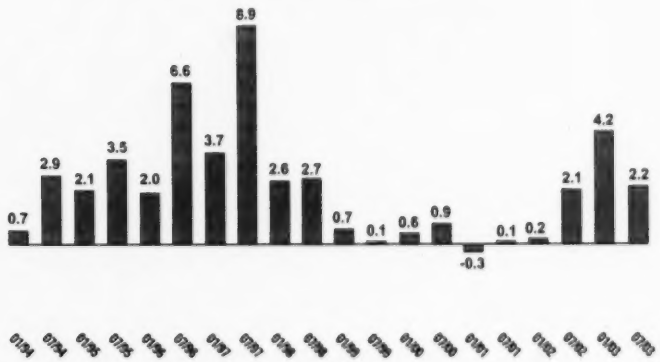

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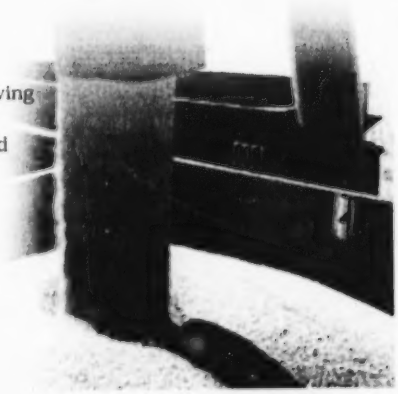
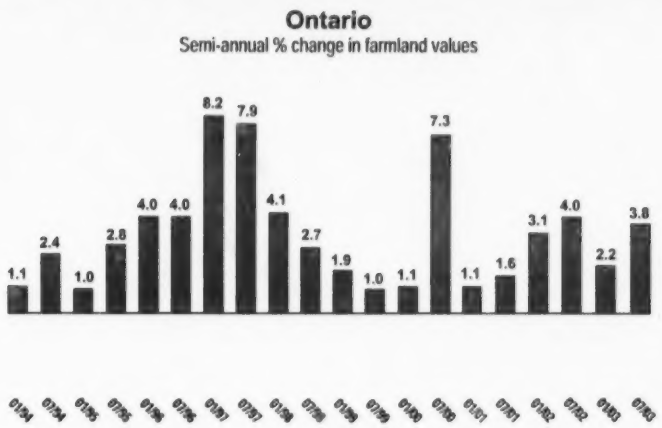
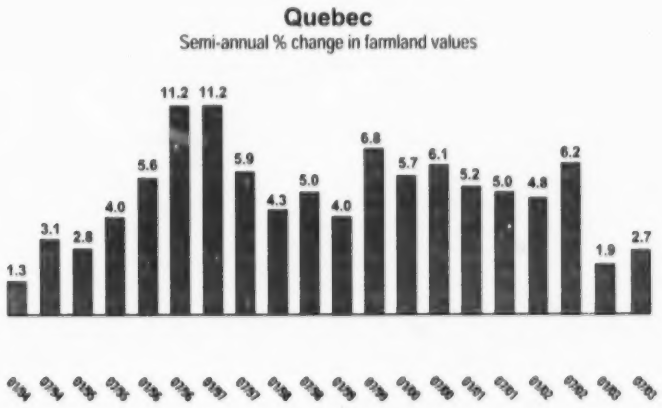




Over the first six months of 2003, land values continued to move upward by an average of 3.8 per cent in Ontario, although not across all regions. The eastern sector showed little change. Northern Ontario saw stronger demand partly due to dairy farmers needing to increase forage production in the Thunder Bay and Cochrane areas.

New regulations for nutrient management plans were an important factor in continued demand for land in livestock sectors in areas such as Bruce, Grey, Huron, Wellington, Perth, Oxford and Middlesex. Land values were static in most traditional cash crop areas of the south-west due, in part, to a weaker market for tobacco land and reluctance by farmers to buy land after a year where yields and incomes were reduced because of drought. There was weaker demand in many areas of the province for heavy clay soils that are harder to manage. As commuting zones increase in size around urban areas, lifestyle and hobby farmers buying farms for housing often pushed land values higher.

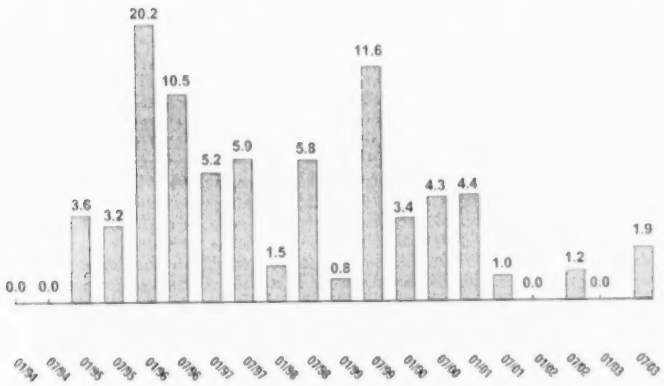


Even though the average land value increased by 2.7 per cent, prices continued to taper off in January 2003 as they have done over the last few years. Low yields from the Fall 2002 harvest and a drop in grain and hog prices have contributed to below-average increases.

There is no indication of major differences in land price fluctuations among various areas in Quebec.

New Brunswick

Semi-annual % change in farmland values

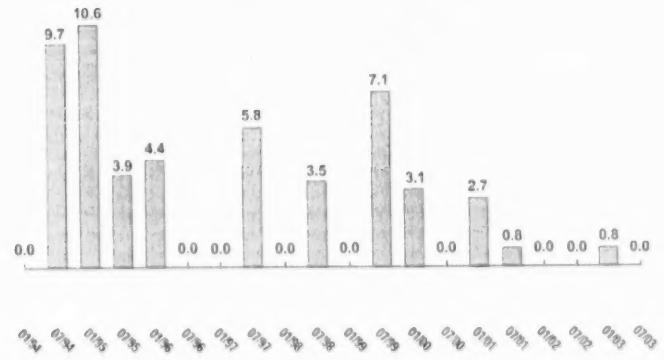


Analysis Dates

Even though changes in land values across New Brunswick remained unchanged in the majority of regions, the average land value increased by 1.9 per cent. The key exception was potato land in the Woodstock area in the upper St. John River region where demand for quality potato land pushed prices higher. In the south-central part of the province – home to many dairy operations – market conditions were again relatively quiet.

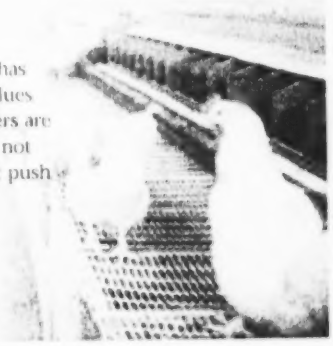
Prince Edward Island

Semi-annual % change in farmland values



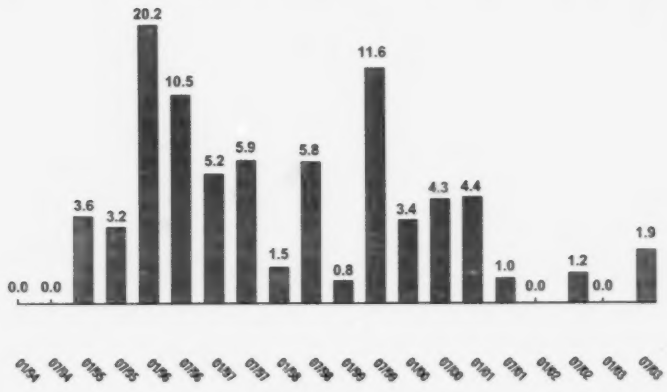
Analysis Dates

Although land values did not change over the past six months (January to June 2003), the land market has been very active. Need for land for potato crop rotation helped to drive this market. However, overall values appeared stable. Rotation needs are being met, in part, by some producers by renting land. Potato growers are still recovering from a series of difficult years. Farmers in other sectors such as dairy and cash crops are not willing to bid aggressively for land. As with other Maritime provinces, no factors were found that might push land values down.



New Brunswick

Semi-annual % change in farmland values



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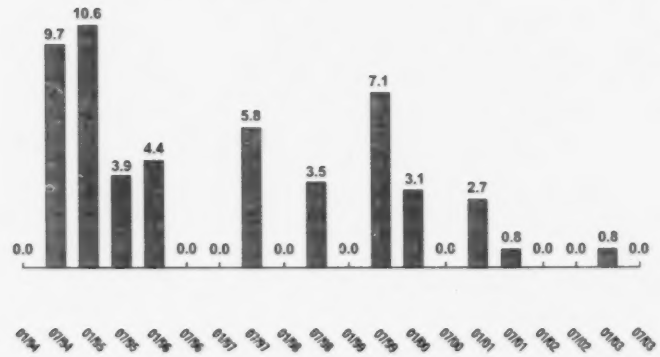

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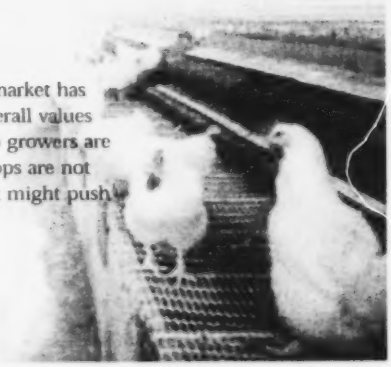
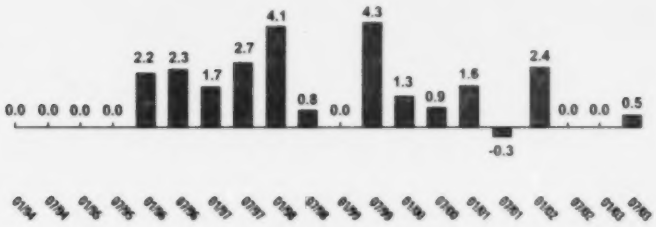


Nova Scotia

Semi-annual % change in farmland values

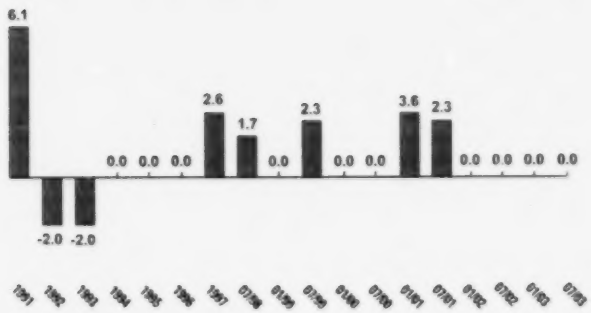


Analysis Dates

Land value changes were mixed in Nova Scotia and averaged a 0.5 per cent increase. In the Annapolis Valley region, land values were unchanged. Similar to 2002, there was a relatively low volume of sales. This may indicate a low demand or some price resistance by buyers. Land values in the Truro area showed a slight increase, driven primarily by dairy operators seeking land for expansion. In the Antigonish region, a good supply of available land evenly matched demand, so values remained unchanged.

Newfoundland and Labrador

Semi-annual % change in farmland values



Analysis Dates

Newfoundland land values again reflected a stable, unchanged market. The farm real estate market was relatively quiet with fewer than normal sales. This may indicate weakening demand. Agricultural land in the eastern section, the Avalon Peninsula, continues to be under pressure for urban development, especially where it is within commuting distance to the provincial capital. Dairy producers are the major buyers of land in the West Island or Deer Lake area, mainly for forage production. An alternative to buying land is to clear, de-stump, level and seed undeveloped land, but the cost of this process is often higher than purchasing land.

Questions regarding farmland values can be directed to:

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Quebec:
Michel Rousseau (bilingual)
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Western Canada:
Roy Hjelte
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Claude-Jean Harel (bilingual)
(306) 780-3486

We welcome your feedback!
Please send your comments/suggestions to:

Farm Credit Canada

1800 Hamilton Street P.O. Box 4320
Regina, Saskatchewan S4P 4L3
Telephone: (306) 780-8100
Fax: (306) 780-6103
www.fcc-fac.ca

For information on products and services, call 1-888-332-3301.

This report is available online at www.fcc-fac.ca.
Ce rapport est également offert en français.

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